



The Honorable Michael Froman
United States Trade Representative
600 17th Street NW
Washington, DC 20508

May 22, 2014

Dear Ambassador Froman:

I am writing to you as a member of the Board of the Millennium Challenge Corporation (MCC) to express concern regarding delays in signing the second MCC compact with El Salvador. We understand USTR has placed a condition on signing the compact and has become an obstacle to this important development initiative for El Salvador. According to press reports and statements by US officials in El Salvador, the issue involves a Salvadoran government program to support small farmers and foster domestic seed production for national food security. These reports claim the program does not comply with obligations under CAFTA because it favors national seed producers.

Oxfam has two complaints with regard to this situation.

1. We do not believe that USTR should be using its seat on the MCC Board as a mechanism for trade enforcement. In particular, we believe it is inappropriate for USTR to make the MCC compact conditional on El Salvador changing government procurement of seeds for its Family Agriculture Plan. There are other venues for disagreements on trade policy issues. The MCC's mission is oriented toward economic growth and poverty reduction, and the USTR should act in good faith as a board member to fulfil that mission alone.
2. We do not believe USTR should intervene in a program designed to improve Salvadoran food security and support small farmers. The Family Agriculture Plan is a Salvadoran government program launched in 2011 to improve the livelihoods of 400,000 small farmers living in poverty, which includes the development of domestic production of seeds for maize and beans. The program is supported through Salvadoran legislation – first passed in December 2012 and renewed for another year in January 2014 – that enables the government to purchase certified seed domestically for its Family Agriculture Plan program through a streamlined procedure favoring national producers traditionally unable to access normal government procurement processes. This program has enabled hundreds of small farmers to produce quality seeds uniquely adapted to El Salvador's climate and to improve their livelihoods, as the government purchases the seed for

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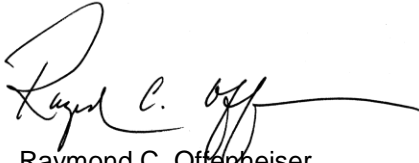
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distribution to small farmers throughout the country to help meet national food security objectives. It has led to record production levels among family farmers nationwide, contributing \$25 million to El Salvador's rural economy in 2013.

With global food security identified as a priority for the Obama administration, it would be quite unfortunate if USTR were to use CAFTA to dismantle a Salvadoran program that is actually delivering economic development and helping poor farmers in that country.

Oxfam requests that USTR desist from conditioning the MCC compact with El Salvador on changes to the country's Family Agriculture Plan or seed procurement program. We hope you will refrain using the MCC or any other US development program or agency as a trade enforcement mechanism in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Raymond C. Offenheiser", with a long horizontal flourish extending to the right.

Raymond C. Offenheiser
President, Oxfam America

cc: Gayle Smith, Special Assistant to the President and Senior Director, National Security Council
Caroline Atkinson, Deputy National Security Advisor for International Economic Affairs